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EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT

PAPER NUMBER

3692

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

09/929,886

Applicant(s)

ALLEN ET AL.

Examiner

Siegfried E. Chencinski

Art Unit

3692

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 27 March 2007.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 12-24, 42, 43, 45-57 and 87-89 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 12-24, 42, 43, 45-57 and 87-89 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

1. **Claims 12 & 20-22 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich et al. (US 6,173,270 B1, hereafter Cristofich), Applicant Admitted Prior Art (hereafter AAPA) and Speech by SEC Commissioner Cynthia A. Glassman (Glassman).

**Re. Claims 12, 20-22**, Cristofich discloses a method, executable software, computer-readable medium and a programmed computer for automatically processing a securities order on a securities exchange directed at a stock option control and exercise system operated through a stock exchange. Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer for automatically processing a securities order on a securities exchange, the method comprising:

- automatically receiving a securities order;
- automatically determining whether the securities order includes an indicator requesting automatic execution;
- exposing the order for possible price improvement if the securities order does not include an indicator requesting automatic execution; and
- automatically executing at least a portion of the order at a quote price, without exposing the order for possible price improvement, if the securities order includes an indicator requesting automatic execution.

However, AAPA discloses in the specification:

- an auction market on the floor of an exchange (p. 1, ll. 16-17);

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- a limit order and a market order (p. 1, ll. 16-17);
- price improvement potential through competition among the crowd on the market floor (p. 1, ll. 18-20);
- an electronic specialist display book (p. 1, l. 22);
- an opportunity to execute an order against other electronic orders on the specialist display book (p. 1, ll. 20-24);
- interest on the part of some investors and institutions in having a transaction execute at a known price (p. 1, ll. 24-25);
- interest on the part of some investors and institutions in having a transaction execute at a known price while foregoing an opportunity for possible price improvement on the auction floor (p. 1, ll. 24-25);
- the desirability on the part of some investors and institutions in having a transaction execute at a known price if the transaction will execute in a more timely fashion than is available with the traditional auction transaction (p. 2, ll. 1-2).

Regarding Applicant's current amendments to claims 12 and 20-022 underlined above, the stock exchanges are regulated by government agencies and also by the rules of each exchange. As such, the brokers serving buyers and sellers of publicly traded shares have a fiduciary responsibility to always obtain the best available price for the customer for buy and sell orders. There are detailed guidelines for the execution of this responsibility. Also, Applicant's specification defines at least some embodiments of the invention which involve a customer's specifying "automatic execution" of an order as related to a customer's limit order (specification, p. 20, ll. 7 – p. 21, l. 3). In this embodiment, the transaction executes in the same manner as a limit order without Applicant's "indication" through an 'NX' designation for the transaction prior to Applicant's invention. The price of the limit order would be the same with or without Applicant's invention. If the specialist has offers in hand which are equal to or better than the customer's limit price and if the other parameters of the customer's order are satisfied in all respects the order would execute without going to the floor. Applicant's

designation by the customer of "automatic execution" of the order in the claimed limitations and as supported by the specification would be a convenience which has no substantive role in the process or method. In other words, an automatic indication symbol such as "NX" is non-functional descriptive material in the context of patentability. The indication and the indicator symbol may well be a convenience with positive marketing appeal, but it does not receive patentable weight.

Cristofich discloses a method, executable software, computer-readable medium and a programmed computer for:

- automatically receiving a securities order (Col. 9, l. 19-20), the securities order including an indicator requesting automatic execution (Cristofich discloses the fulfilling of customer requests - Col. 3, l. 47. It would have been obvious to an ordinary practitioner to offer automatic execution and to fulfill such a request when so made.); and
- automatically executing at least a portion of the order at a quote price (Cristofich, Col. 9, ll. 15-20) without exposing the order for possible price improvement. (It is implicit in Cristofich to automatically fulfill customer orders at a quote price when a customer's conditions are met, such as when the customer's buy price is met by a quote price. – Col. 9, ll. 15-20. It is implicit that no attempt is made to expose the order for possible price improvement).

Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 13-15**, Cristofich discloses wherein the securities order is a limit order (Col. 11, ll. 4-5) or a market order (Col. 10, ll. 23-25), and an execution report (Col. 10, ll. 15-17).

**Re. Claim 17**, Cristofich does not explicitly disclose at least partially fulfilling the order from a display book order. However, AAPA discloses at least partially fulfilling the order

from a display book order. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from a display book order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 18**, please see the rejection of claim 16 regarding automatically executing an order without going to counter parties and/or the market crowd. AAPA discloses fulfilling an order through an auction market crowd by fulfilling the order from one's own inventory. It would have been obvious at the time of Applicant's invention to fulfill an order partially through a counter party such as potentially identified from an auction market crowd. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from an auction market crowd after automatically executing the order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 19**, neither Cristofich nor AAPA or Glassman explicitly disclose at least partially fulfilling the order from a display book order after automatically executing the order. However, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to at least partially fulfill the order from a display book order (see the rejection of claim 17) after automatically executing the order (see the rejection of claim 16 and 18). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from a display book order after automatically executing the order, motivated

by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 23**, Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer for automatically processing a limit buy or sell order for a security on a securities exchange with an auction market crowd, the method comprising:

- automatically receiving the limit order for the security;
- automatically determining whether the limit order includes an indicator requesting automatic execution;
- automatically determining whether the limit order qualifies for automatic execution;
- exposing the limit order to the auction market crowd for possible price improvement if the limit order does not include an indicator requesting execution, or if the limit order does not qualify for automatic execution; and
- automatically executing at least a portion of the limit order against a respective offer or bid for the security, without exposing the limit order to the auction market crowd for possible price improvement, if the securities order includes an indicator requesting automatic execution.

However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above. Further AAPA discloses limit orders (with sell and buy order implicit). Also, Glassman discloses the fiduciary responsibilities of securities brokers. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, including limit buy or sell orders, motivated by a desire to provide a data processing method and system for managing

individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 24**, Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer for automatically processing a market buy or sell order for a security on a securities exchange with an auction market crowd, the method comprising:

- automatically receiving the market order for the security;
- automatically determining whether the market order includes an indicator requesting automatic execution;
- automatically determining whether the market order qualifies for automatic execution;
- Exposing the market order to the auction market crowd for possible price improvement if the market order does not include an indicator requesting execution, or if the market order does not qualify for automatic execution; and
- automatically executing at least a portion of the market order against a respective offer or bid for the security, without exposing the market order to the auction market crowd for possible price improvement, if the market order includes an indicator requesting automatic execution and the market order qualifies for automatic execution.

However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above. Further AAPA discloses market orders (with sell and buy order implicit). Also, Glassman discloses the fiduciary responsibilities of securities brokers. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, including market buy or sell orders, motivated by a desire to provide a data processing method and



system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 42 & 51-53**, Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer for processing a securities order on a securities exchange, the method comprising:

- receiving the securities order;
- determining whether the securities order includes an indicator requesting automatic execution and a price of the order;
- exposing the securities order for possible price improvement if the securities order does not include an indicator requesting automatic execution;
- comparing the price of the order to a quote if the securities order includes an indicator requesting automatic execution; and
- changing the status of the order from automatic execution to regular execution if the securities order includes an indicator requesting automatic execution and the price of the order is not equal to or better than the quote.

However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above, and to see an implicit comparing step involved in validating an order for automatic execution. Also, Glassman discloses the fiduciary responsibilities of securities brokers. Further, AAPA discloses limit orders and market orders (with sell and buy orders implicit). It would have been obvious to change the status of an order from automatic execution to regular execution if the price of the order is not equal to or better than the quote since normally a brokerage firm is in business to make a profit. Disregarding the subject of commissions charged for trades, a buy order in this instance set for automatic execution which is not equal to or better than a quote would produce a loss for the brokerage firm, thus forcing the order to be changed from automatic to regular execution. Regular execution in the trading of securities means seeking counter parties who are willing to accept this buy order at the

offered buy price. Such a fixed buy price is otherwise called a limit buy order, since it is not a market buy order which will pay any price offered by a seller during the customer authorized time period of the market buy order. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for automatically processing a securities order on a securities exchange, including changing the status of the order from automatic execution to regular execution if the price of the order is not equal to or better than the quote, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 46**, Cristofich discloses sending an execution report for the order (Col. 10, ll. 15-17).

**Re. Claims 44, 45, 47 and 48**, Cristofich does not explicitly disclose:

**Re. Claim 44**, further comprising exposing the order to an auction market crowd for possible price improvement.

**Re. Claim 45**, comprising executing the order on an auction market of the securities exchange.

**Re. Claim 47**, at least partially fulfilling the order from a display book order.

**Re. Claim 48**, comprising at least partially fulfilling the order with an order from an auction market crowd.

**However:**

**Re. Claim 44**, AAPA discloses exposing the order to an auction market crowd for possible price improvement (page 1, ll. 16-24).

**Re. Claim 45**, AAPA discloses executing the order on an auction market of the securities exchange (page 1, ll. 16-24).

**Re. Claim 47**, at least partially fulfilling the order from a display book order (please see the rejection of claim 17).

**Re. Claim 48**, AAPA discloses at least partially fulfilling the order with an order from an auction market crowd (page 1, ll. 16-24).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange, including exposing the order to an auction market crowd for possible price improvement, executing the order on an auction market of the securities exchange, at least partially fulfilling the order from a display book order and at least partially fulfilling the order with an order from an auction market crowd, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 54**, neither Cristofich nor AAPA explicitly disclose the exact detailed sequence of a method for processing a securities order on a securities exchange, the method comprising:

- receiving the securities order;
- determining whether the securities order includes an indicator requesting automatic execution and a size of the order;
- exposing the securities order for possible price improvement if the securities order does not include an indicator requesting automatic execution;
- comparing the size of the order to a respective interest in the security if the securities order includes an indicator requesting automatic execution; and
- changing the status of at least a portion of the order from automatic execution to regular execution the securities order includes an indicator requesting automatic execution and if the size of the order is greater than the interest.

However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claims 12 and 42 above, and to see an implicit comparing step involved in validating an order for automatic execution. Further, AAPA discloses limit orders and market orders (with sell and buy orders implicit). It would have been

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obvious to change the status of an order from automatic execution to regular execution if the respective interest in the security does not meet the size of the security being offered, since no exact matching counter party offer is available for automatic execution. Some examples of this condition will exist if the respective interest is for a smaller quantity or an interest has made itself known for a larger quantity which is unwilling to buy a partial quantity. The ordinary practitioner would have seen it as obvious that the order had to be changed from automatic to regular execution. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA and Glassman to provide a method for converting automatic processing of a securities order to regular processing on a securities exchange, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 55**, please see the rejections of claims 12 and 42 above.

**Re. Claims 56 & 57**, please see the rejections of claims 13 and 14 above.

**2. Claim 16 is rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA and Glassman as applied to claim 12 above, and further in view of Madoff et al. (Pg. Pub. 2001/0044767 A1, hereafter Madoff).

**Re. Claim 16**, neither Cristofich nor AAPA nor Glassman explicitly disclose identifying at least one particular contra side for the order after automatically executing the order. However, Madoff discloses immediate matching with a contra side order (p. 1, [0011]-ll. 8-10). Further, Madoff discloses an electronic negotiated market involving dealers that negotiate a trade for a security for their own account or for that of a client (p. 1, [0004]-ll. 11-14). This would have made it obvious to an ordinary practitioner of the art at the time of Applicant's invention to executing an order to buy or sell a security under certain conditions on their own account and then identifying contra sides for buying or selling the security through contra parties to restore their own account to their preferred position(s). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich,

AAPA, Glassman and Madoff to provide a method for automatically processing a securities order on a securities exchange, including the step of identifying at least one particular contra side for the order after automatically executing the order, motivated by a desire to provide an automated auction system for trading products such as equity securities (Madoff, p. 1, [0001]).

**3. Claims 43 & 49 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA and Glassman as applied to claim 42 above, and further in view of Madoff.

**Re. Claims 43 & 49**, neither Cristofich, AAPA nor Glassman explicitly disclose wherein:

**Re. Claim 43**, the securities order further includes a size, changing the status of at least a portion of the order from automatic execution to regular execution if the size is greater than the interest.

**Re. Claim 49**, the quote includes a best bid price for the security, the securities order is a sell order and the price of the order is greater than the best bid price. However, Madoff discloses that auctioning of financial products "involves entering order for products with price, quantity and exposure time is matched with response in accordance with the order's exposure time" (Abstract, ll. 4-7).

**Re. claim 43**, it would have been obvious to an ordinary practitioner that an order received for automatic execution must receive an offer for the same or lower price, the same or lower quantity, and must be received within the time specified unless it is an open order until it is filled.

**Re. claim 49**, the ordinary practitioner would have seen it as obvious that a sell order priced above the best bid price could not be processed for automatic execution because it would have to go to the market similar to the buy order in claim 43 above which is priced under the market.

**Therefore, re. Claims 43 & 49**, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman and Madoff to provide a method for automatically processing a securities order on a securities exchange, including the step of changing

the status of at least a portion of the order from automatic execution to regular execution if the size is greater than the interest, or a sell order has a price which is greater than the best bid price, motivated by a desire to provide an automated auction system for trading products such as equity securities (Madoff, p. 1, [0001]).

**4. Claim 50 is rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA and Glassman as applied to claim 42 above, and further in view of Wilton et al. (US patent 6,519,574 B1, hereafter Wilton).

**Re. Claim 50**, neither Cristofich, AAPA nor Glassman explicitly disclose the exact wording of a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price. However, Wilton discloses a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price (Col. 10, ll. 7-17).

Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman and Wilton to provide a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price, including the step of identifying at least one particular contra side for the order after automatically executing the order, motivated by a desire to provide trading data which includes bid and/or offer information input by the trading entity and displaying such data to the trading entity for the purpose of detecting trading opportunities According to various trading parameters established by the trader (Wilton, Abstract – ll. 1-14).

**5. Claims 87-89 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich in view of AAPA and Hasbrouck, Sofianos and Sosebee (New York Stock Exchange Systems and Trading Procedures, NYSE Working Paper #93-01, Draft 1.2 April 27, 1993, hereafter Hasbrouck).

**Re. Claim 87**, Cristofich, AAPA and Glassman disclose a method for automatically processing a securities order on a securities exchange, the method comprising: receiving a securities order identified for automatic execution; automatically executing

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the transaction; and automatically updating the published quote based on the order against a quote (see the rejection of claim 12). Neither Cristofich nor Glassman explicitly disclose the expressions “an auction market crowd”, and “a published quote”. However, AAPA discloses processing orders with “an auction market crowd” (page 1, ll. 16-24). Further, Hasbrouck discloses published quotes (page 13, l. 13). Therefore, an ordinary practitioner of the art at the time of Applicant’s invention would have seen it as obvious to have combined the disclosures of Cristofich, AAPA, Glassman and Hasbrouck in order to provide a method for automatically processing a securities order on a securities exchange with an auction market crowd, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 88 & 89**, it is implicit in exchange procedures that a size of the published quote after updating reflects a size of the order or wherein a size of the published quote after updating represents a minimum quote size, but does not necessarily reflect a size of the transaction.

### ***Response to Arguments***

6. Applicant’s arguments filed March 27, 2007 have been fully considered but they are not persuasive.

**ARGUMENT A:** Applicant argues that

- (1) the examiner’s characterization of certain information in the Background section of the specification as Applicant Admitted Prior Art (AAPA) is improper,
- (2) that the examiner has used improper hindsight reconstruction “with a map that is based on the applicant’s specification” and that “use of hindsight is improper and is not allowed”,
- (3) “that it is improper for the Examiner to rely on applicants’ own specification as prior art in order to reject the pending claims”, and

**RESPONSE:**

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(1) Use of Applicant's information in the Background section of the specification regarding prior art is indeed proper on the basis of the following:

**(a) MPEP 2129. I. ADMISSIONS BY APPLICANT CONSTITUTE PRIOR ART**

A statement by an applicant during prosecution identifying the work of another as "prior art" is an admission that that work is available as prior art against the claims, regardless of whether the admitted prior art would otherwise qualify as prior art under the statutory categories of 35 U.S.C. 102. *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1354, 66 USPQ2d 1331, 1337 (Fed. Cir. 2003). However, even if labeled as "prior art," the work of the same inventive entity may not be considered prior art against the claims unless it falls under one of the statutory categories. *Id.*; see also *Reading & Bates Construction Co. v. Baker Energy Resources Corp.*, 748 F.2d 645, 650, 223 USPQ 1168, 1172 (Fed. Cir. 1984) ("[W]here the inventor continues to improve upon his own work product, his foundational work product should not, without a statutory basis, be treated as prior art solely because he admits knowledge of his own work. It is common sense that an inventor, regardless of an admission, has knowledge of his own work.").

Consequently, the examiner must determine whether the subject matter identified as "prior art" is applicant's own work, or the work of another. In the absence of another credible explanation, examiners should treat such subject matter as the work of another.

(b) Where applicant has clearly admitted on the record that subject matter relied on in the reference is prior art. In this case, that subject matter may be used as a basis for rejecting his or her claims and may not be overcome by an affidavit or declaration under 37 CFR 1.131. *In re Hellsund*, 474 F.2d 1307, 177 USPQ 170 (CCPA 1973); *In re Garfinkel*, 437 F.2d 1000, 168 USPQ 659 (CCPA 1971); *In re Blout*, 333 F.2d 928, 142 USPQ 173 (CCPA 1964); *In re Lopresti*, 333 F.2d 932, 142 USPQ 177 (CCPA 1964).

**(2) MPEP 2145 X. A. - HINDSIGHT RECONSTRUCTION**

Applicants may argue that the examiner's conclusion of obviousness is based on improper hindsight reasoning. However, "[a]ny judgement on obviousness is in a sense necessarily a reconstruction based on hindsight reasoning, but so long as it takes into account only knowledge which was within the level of ordinary skill in the art at the time the claimed invention was made and does not include knowledge gleaned only from applicant's disclosure, such a reconstruction is proper." *In re McLaughlin* 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971).

Applicants may also argue that the combination of two or more references is "hindsight" because "express" motivation to combine the references is lacking. However, there is no requirement that an "express, written motivation to combine must appear in prior art references before a finding of obviousness." See *Ruiz v. A.B. Chance Co.*, 357 F.3d 1270, 1276, 69 USPQ2d 1686, 1690 (Fed. Cir. 2004). For example, motivation to combine prior art references may exist in the nature of the problem to be solved (*Ruiz* at 1276, 69 USPQ2d at 1690) or the knowledge of one of ordinary skill in the art (*National Steel Car v. Canadian Pacific Railway Ltd.*, 357 F.3d 1319, 1338, 69 USPQ2d 1641, 1656 (Fed. Cir. 2004)). See [MPEP § 2143.01 <2100\\_2143\\_01.htm>](#) for a discussion of proper motivation to combine references.



**(3) Please see the response to item (1).**

**(4) A mere allegation that the references fail to disclose, teach or suggest all the requirements of the claims fails to satisfy the rebuttal requirements of an examiner's rejections on the following basis:**

"[T]he PTO can require an applicant to prove that the prior art products do not necessarily or inherently possess the characteristics of his [or her] claimed product. Whether the rejection is based on inherency' under 35 U.S.C. 102, on prima facie obviousness' under 35 U.S.C. 103, jointly or alternatively, the burden of proof is the same...[footnote omitted]." The burden of proof is similar to that required with respect to product-by-process claims. *In re Fitzgerald*, 619 F.2d 67, 70, 205 USPQ 594, 596 (CCPA 1980) (quoting *In re Best*, 562 F.2d 1252, 1255, 195 USPQ 430, 433-34 (CCPA 1977)).

2145 Consideration of Applicant's Rebuttal Arguments [R-3]

**I. ARGUMENT DOES NOT REPLACE EVIDENCE WHERE EVIDENCE IS NECESSARY**

Attorney argument is not evidence unless it is an admission, in which case, an examiner may use the admission in making a rejection. See **MPEP § 2129** and **§ 2144.03** for a discussion of admissions as prior art.

The arguments of counsel cannot take the place of evidence in the record. *In re Schulze*, 346 F.2d 600, 602, 145 USPQ 716, 718 (CCPA 1965); *In re Geisler*, 116 F.3d 1465, 43 USPQ2d 1362 (Fed. Cir. 1997) ("An assertion of what seems to follow from common experience is just attorney argument and not the kind of factual evidence that is required to rebut a *prima facie* case of obviousness.").

See **MPEP § 716.01(c)** for examples of attorney statements which are not evidence and which must be supported by an appropriate affidavit or declaration.

**ARGUMENT B:** Applicant argues that "the rejections under 35 USC 103 are also improper because even if combined, the cited references and what is characterized as AAPA fail to disclose, teach or suggest all of the requirements of the claims" (p. 30, ll. 7-22). The supporting arguments are as follows:

**(1)** Regarding claims 12-24, with claim 12 as exemplary: It is not implicit in Cristofich that no attempt is made to expose an order for possible price improvement, as claimed in the automatic execution step (p. 31, l. 9- p. 32, l. 4).

**(2)** Regarding claims 42-57, with claim 42 as exemplary: "Neither Cristofich, nor what is characterized as AAPA disclose all of these requirements and the Examiner has

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provided absolutely no support for the statement that a comparing step involved in validating an order for automatic execution is implicit. Withdrawal of the rejection is respectfully requested." (p. 32, ll. 19-22).

(3) Regarding claims 87-89, with claim 87 as exemplary: Applicant argues that "As above, applicants submit that there is no AAPA, and the stated reason for combining Cristofich, AAPA and Hasbrouck provides no particular bases for combination of these particular references in the way that the Examiner proposes. Again, the Examiner is relying on hindsight to combine unrelated references, using applicants specification as a roadmap. Withdrawal of the rejection is respectfully requested." (p. 33, ll. 13-17).

(4) Regarding all pending claims, "There is nothing in Cristofich that discloses or suggests an indicator requesting automatic execution". (p. 33, ll. 22-23).

#### **RESPONSE:**

**Applicant has conceded the various portions of Cristofich used in the rejections which he has not traversed as prior art** due to the failure to traverse or challenge the rejection of the following limitation elements in claims 12-24 in Applicant's response:

- automatically receiving a securities order;
- automatically determining whether the securities order includes includes an indicator requesting automatic execution;
- exposing the order for possible price improvement if the securities order does not include an indicator requesting automatic execution.

(1) **Regarding claim 12 as exemplary**, please see the new rejection rationale presented in regards to claim 12, particularly the section beginning on page 3, line 15 through page 4, line 4. This new rationale is presented in response to Applicant's amendments to claim 12, which also in turn responds to Applicant's traversal of claims 12-24.

(2), (3), (4) Please see the response to Argument A. (4) above.

#### **Conclusion**

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7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, James A. Kramer, can be reached on (571) 272-6783.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

*Commissioner of Patents and Trademarks, Washington D.C. 20231*

or (571)273-8300 [Official communications; including After Final communications labeled "Box AF"]

or (571) 273-6792[Informal/Draft communications, labeled "PROPOSED DRAFT"]

Hand delivered responses should be brought to the address found on the above

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USPTO web site in Alexandria, VA.

SEC

June 13, 2007

  
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